

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSCE-00 INR-05 CIAE-00 INRE-00
SSO-00 STR-02 STRE-00 L-01 EB-04 OMB-01 TRSE-00
/036 W

-----016892 081614Z /43

O R 081529Z SEP 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 7106
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 29812

LIMDIS

USEEC

USMTN

PASS STR ELECTRICALLY FOR AMBASSADORS STRAUSS AND WOLF

E.O. 11652: GDS
TAGS: MTN, GATT, EEC, FR, US
SUBJ: FRANCE AND MTN -- STORM SIGNALS

1. SUMMARY: WITH THE END OF THE SUMMER LULL, WE HAVE
BEGUN RECEIVING THE EXPECTED SIGNALS OF TROUBLE
BREWING ON THE MTN. THIS IS NOT SURPRISING FOLLOWING
FRENCH DISCOMFITURE OVER THE GENEVA MEMORANDUM OF
UNDERSTANDING AND THE BONN SUMMIT COMMUNIQUE. DURING
THE PAST FEW DAYS, FRENCH AMBASSADOR DE LABOULAYE HAS
TALKED WITH ME AND MINECON HAS ALSO REVIEWED THE SIT-
UATION WITH PAYE, BARRE'S DIPLOMATIC ADVISOR. (I
WOULD APPRECIATE IT IF OUR FRIENDS COULD BE PROTECTED,
AND DETAILS OF THIS MESSAGE NOT GET BACK TO FRENCH
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SOURCES.) FRENCH POLICY ON MTN SEEMS TO BE RATHER
TIGHTLY LAYED DOWN BY GISCARD HIMSELF. I BELIEVE OUR
BEST APPROACH FOR THE EARLY FALL IS TO KEEP IN TOUCH
INFORMALLY WITH THE FRENCH; TO PROCEED WITH BUSINESS
AS USUAL IN GENEVA; AND TO TAKE THEM ON FRONTALLY ONLY
AFTER WE HAVE CREATED A SITUATION IN WHICH COMMUNITY
PRESSURES (HOPEFULLY WITH THE FRG IN THE LEAD) CAN BE

BROUGHT TO BEAR ON THEM. THE NEXT FRANCO-GERMAN SUMMIT IS SEPTEMBER 14-15 AND WE HOPE THAT SCHMIDT WILL REITERATE HIS SUPPORT FOR A SUCCESSFUL MTN. END SUMMARY

2. FRANCOIS DE LABOULAYE HAS MADE THE ROUNDS PRIOR TO HIS RETURN TO WASHINGTON, D.C. HE TOLD ME HE HAD DISCUSSED THE MTN AT THE ELYSEE AND HAD HAD A LONG TALK WITH BARRE AS WELL. HE FOUND BOTH MEN PERSONALLY VERY TOUGH ON THIS SUBJECT. HIS CONCLUSION IS THAT, AS FAR AS FRANCE IS CONCERNED, THERE IS LITTLE CHANCE OF MEETING THE MID-DECEMBER TARGET FOR CONCLUSION OF THE NEGOTIATIONS. THE FRENCH ARE ACUTELY SENSITIVE TO ANY SUGGESTION THAT THE GENEVA MEMORANDUM OF UNDERSTANDING REPRESENTS EVEN AN IMPLICIT AGREEMENT OR SERIES OF POTENTIAL COMMITMENTS THAT POINT TO PROBABLE OUTCOMES ON THE VARIOUS SUBJECTS.

3. LABOULAYE'S JUDGMENT IS THAT THE FRENCH WILL ONLY LET THE COMMUNITY CONCLUDE THE NEGOTIATIONS ONCE THE FRENCH HAVE OBTAINED THE VARIOUS SPECIFIC CONCESSIONS THEY WANT. ALL OF THIS WILL REQUIRE TIME AND MUCH DETAILED HAGGLING AS THEY SEE IT. THEY ARE AWARE OF THE PROBLEM WITH CONGRESS ABOUT EXPIRATION OF OUR WAIVER AUTHORITY ON COUNTERVAILING DUTIES. BUT THIS DOES NOT GIVE THEM ANY REAL SENSE OF URGENCY. CONFIDENTIAL

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4. IN A FRANK TALK WITH US, PAYE SAID THAT WHILE BARRE FAVORS A VIGOROUS DEFENSE OF FRENCH INTERESTS IN THE MTN, THE MOST IMPORTANT FACTOR REMAINS GISCARD'S "EXTREME COOLNESS" ON THE WHOLE SUBJECT. PAYE HINTED THAT HE HIMSELF HAS WONDERED ABOUT JUST WHY GISCARD IS SO NEGATIVE. HE BELIEVES THAT GISCARD REASONS ALONG THE FOLLOWING LINES: THERE WILL BE LITTLE POSITIVE BENEFIT FOR FRENCH TRADE INTERESTS FROM THE MTN -- ESPECIALLY IN A WORLD CHARACTERIZED BY RAPID AND SUBSTANTIAL FLUCTUATIONS IN EXCHANGE RATE RELATIONSHIPS. ON THE OTHER HAND GISCARD IS LIKELY TO HAVE A LOT OF DOMESTIC DIFFICULTY, INCLUDING BUT NOT LIMITED TO THE AGRICULTURAL LOBBY, IF HE AGREES TO THE KINDS OF THINGS WE ARE ASKING. (COMMENT: FROM A RECENT TALK I HAD WITH CHIRAC IT IS CLEAR THAT THE GAULLISTS ARE WATCHING THE GOVERNMENT LIKE A HAWK ON EVERYTHING THAT LOOKS LIKE GIVING IN TO US PRESSURE.) PAYE THINKS THAT AN ADDITIONAL CONCERN

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 29812

LIMDIS

FOR GISCARD IS DOUBT ABOUT WHETHER THE ADMINISTRATION
CAN DELIVER THE CONGRESS ON A FINAL PACKAGE.

5. WE GAVE PAYE THE COUNTER-ARGUMENTS WHICH HE
ALREADY KNEW AND APPEARED AT LEAST PARTLY TO ACCEPT.
WE STRESSED THE URGENCY OF GETTING ON WITH THE NEGOTIATIONS. IN RESPONSE TO A DIRECT QUESTIONS HE DENIED THAT FARANCE WILL ADOPT A SPOILING POSTURE AIMED AT KILLING THE MTN BY PRESSING THE COMMISSION NEGOTIATORS TO DRAG THE THING OUT. LIKE LABOULAYE, HOWEVER, HE SAID THAT THE FRENCH INTEND TO FIGHT OVER EVERY POINT OF INTEREST TO THEM AND WILL NOT FEEL PRESSURED BY THE DECEMBER DEADLINE.

6. COMMENT: WHILE NONE OF THE FOREGOING IS ESPECIALLY NEW OR SURPRISING, IT DOES PROVIDE FURTHER CONFIRMATION THAT GISCARD IS PERSONALLY CONTROLLING THE FENCH MTN NEGOTIATORS. AT THE APPROPRIATE TIME, BARRE AND BENIAU MIGHT BE HELPFUL IN WORKING MATTERS OUT. BUT I BELIEVE THAT JUDGMENTS ABOUT THIS CAN BE MADE ONLY AS
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SPECIFIC SITUATIONS DEVELOP DURING THE FALL. MEANWHILE
I SUGGEST THE BEST COURSE WILL BE TO PROCEED WITH
BUSINESS AS USUAL IN GENEVA; TO KEEP IN TOUCH WITH THE
FRENCH AND MAINTAIN GOOD PERSONAL RELATIONS ON MTN
MATTERS; AND TO TRY TO CREATE A SITUATION IN WHICH
PRESSURE FROM WITHIN THE COMMUNITY -- ESPECIALLY
SCHMIDT -- CAN BE BROUGHT INTO PLAY BEFORE WE HAVE TO
LOCK HORNS WITH THEM DIRECTLY. SCHMIDT AND GISCARD
ARE TO MEET BILATERALLY ON SEPTEMBER 14-15 AND WE HOPE
THAT THE FRG CAN AGAIN MAKE CLEAR ITS COMMITMENT TO A
SUCCESSFUL MTN. END COMMENT
HARTMAN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, RELATIONS WITH INTERNATIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 sep 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS29812
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780366-0774
Format: TEL
From: PARIS USEEC
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780988/aaaacuxp.tel
Line Count: 182
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a8391054-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1503606
Secure: OPEN
Status: NATIVE
Subject: FRANCE AND MTN -- STORM SIGNALS
TAGS: ETRD, PGOV, FR, US, MTN, GATT, EEC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a8391054-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014